

Education Skills and Employability Board

31 August 2021

South Yorkshire Jobs Fund

Is the paper exempt from the press and public?	No
Purpose of this report:	Funding Decision
Is this a Key Decision?	No
Has it been included on the Forward Plan?	No

Director Approving Submission of the Report:

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Executive Summary

This paper provides an update on programme development activity and work undertaken for South Yorkshire Jobs Fund, which builds on the approvals given from the board in March 2020. The paper seeks members support to revise the delivery and funding model and also seeks approval to progress the development of a full business case.

What does this mean for businesses, people and places in South Yorkshire?

Businesses in South Yorkshire will have access to a pipeline of people that are actively looking for work and are keen to share and develop their own skills in order to support the business to grow and recover post pandemic.

Businesses will have access to funding to pay for an employee over a 6-month period. They will also have access to further business incentive funding to support with any training or organisational needs. This support is vital to the cash flow recovery of a business in recovery of the pandemic.

People will gain experience of work within a quality environment, that is paid for 6-months. They will have the opportunity to develop their skills, knowledge, and networks to support them in securing permanent employment in the future.

South Yorkshire Jobs Fund will support to build an infrastructure for employment support at **place** that will help to reduce unemployment and drive economic improvement.

Recommendations

That the board:

1. Approve the recommended programme design
2. Approve the revised funding model
3. Approve the recommended delivery option
4. Approve progression to full business case development
5. Agree timescales for project development

Consideration by any other Board, Committee, Assurance or Advisory Panel

Mayoral Combined Authority Board

20 September 2021

1. Background

- 1.1 In March 2021, the Education, Skills and Employability board approved funds of up to £1.2m for a test and learn intermediate labour market (ILM) model to support activities under the People Strand of the Authority's Renewal Action Plan (RAP).
- 1.2 It was agreed that the working title for the model would be South Yorkshire Jobs Fund, which would be a back to work programme for South Yorkshire residents aged 25+ that primarily have been unemployed and claiming Universal Credits for between 6-12mths.
- 1.3 SYJF will cover:
- 6 months wages for eligible participants, based on National Living Wage plus National insurance contributions for up to 30 hours per week.
 - £1,500 payment incentive to employers for support covering costs such as admin, support and in-house training.

We last updated that the Department for Work and Pensions (DWP) would provide a secondee that would be embedded in the Authority work specifically with key stakeholders to develop and prepare for launch of South Yorkshire Jobs Fund. The secondee has now been allocated. This is provisionally a 6-month appointment with an extension agreement from DWP if needed.

- 1.4 Since the approval in March, a steering group has been formed, with membership including representatives from the following partner organisations:
- The Authority
 - SY Local Authorities
 - DWP
 - TUC
 - Chambers of Commerce (Doncaster as lead)
 - Local Training Provider

Clear Terms of Reference (ToR) have been developed to set out the roles, responsibilities, and accountability arrangements of the steering group. The approved ToR is depicted in Appendix A.

- 1.5 Following consultation with members from the steering group, it is agreed that a revision of the original programme design and funding model is required to ensure maximum outcomes are achieved for SY residents and employers.

- 1.6 After consultation with internal stakeholders, we understand that a revised programme design and funding model will require open procurement activity, and also further approval from both the ESE and MCA board, therefore, a full business case will be developed and submitted to the Assurance panel for approval recommendation to the relevant board.

2. Key Issues

2.1 Programme Design Impact

The purpose of the programme is to give participants who have been out of work for 6-months, the confidence, skills, and sector-based work experience necessary to help them secure sustainable employment. The programme will fill a gap in existing DWP provision for Universal Credit claimants. Existing support is targeted at 13 weeks and for those who have been unemployed for 12 months+.

- 2.2 South Yorkshire continues to be disproportionately affected by the economic turmoil of the pandemic. According to the latest comparable data from the ONS, the South Yorkshire Region has an unemployment rate of 4.9% of the working population, compared with a national average of 4.5% (*ONS, LI01 Local labour market indicators by unitary and local authority, Jan-Dec 2020*).

- 2.3 Furthermore, the most recent claimant statistics from DWP, shown in appendix B show that while signs of recovery are evident over the last four months, these are slow and we are far away from pre-pandemic levels (*Stat-xplore, 6/8/2021*).

- 2.4 Programmes to support those looking for work into employment are needed. South Yorkshire Jobs Fund not only gives UC Claimants looking for work an opportunity to be economically active, but also supports local businesses to grow and develop in the difficult post-pandemic environment.

2.5 Outcomes

The aim of the programme is to support more people into work and provide participants with the opportunities to develop their skills and gain meaningful work experience to enhance their chances of securing employment.

- 2.6 South Yorkshire Jobs Fund will work with key stakeholders in South Yorkshire to ensure that it is closely aligned to other employment programmes in the region. In addition to the support available from SYJF, participants will be able to access wrap around support and training opportunities from other sources, which include:
- DWP Flexible Support Fund – The Authority and Local Authorities have recently submitted a collaborative proposal to DWP to pay for work-coach brokerage and support based in local authorities to help people into work, specifically in four key sector areas.
 - Adult Education Budget (AEB) funding to access low value procurement to provide short, sharp vocational or occupational training to participants claiming Universal Credit, who have a job offer or need training to be able to compete for vacancies in the local labour market

- AEB funding to support delivery of suitable DWP Sector Based Work Academy programmes and ongoing literacy / language, numeracy and digital provision where required
- Additional DWP funding to support removal of barriers to work including CSCS cards, travel passes, clothing etc

2.7 In addition to the skills development of participants that will be on programme, we should also consider the skills needs of business, and how we can support development opportunities in order to take on an employee. SYJF will ensure it works closely with employers to identify any training needs prior and during the work placement. Where needed referrals will be made to other programmes of support for example, SCR Advance, Skills Bank, Access to Finance.

2.8 Outputs

Building on the pilot model presented in March to support 130 people and following consultation with stakeholders, we would like to now enhance this offer further. It is proposed that dependant on a successful pilot, SYJF is developed as a full programme that will place 350 people, in total, over 2.5 years into work placements, within a quality work environment.

2.9 Over the course of the programme we estimate that approx. 1,000 people claiming Universal Credit will engage with the programme. DWP work coaches will maintain a caseload of job ready customers referred from across South Yorkshire, meaning there will be approx. 3 candidates for any vacancy, allowing the employer to appoint their candidate of choice.

2.10 SYJF will directly engage and support 350 businesses to recruit employees that will help support organisational growth and post pandemic recovery. In addition, SYJF will engage with a further 50% of employers to raise awareness and understanding of the programme, which will take the number of businesses engaged to 525 over 2.5 years.

Do members support the programme design?

2.11 A revised funding model is required to ensure achievement of outputs meaning an increase in funding from £1.2m to £4m (over the 2.5 years) is needed. The revised funding model will cover:

- Payment of wages for 6 months based on National Living Wage (£8.91 from 1/4/21 plus 12% National Insurance = £9.98ph). The board previously agreed up to 30 hours per week. However, we have since undertaken further work and have revised the hours per week increasing from 30 to 34 hours. The rationale behind this is it will allow participants to work more hours if required by the employer but will also keep them within the threshold for receiving Universal Credits and the associated benefits. It is also important to note that thresholds are different per individual and dependant on their circumstances.
- We recognise that the MCA is an accredited Real Living Wage (RLW) employer and that we have a commitment to champion the Real Living Wage to companies that we contract with. However, if we were to apply the

RLW to SYJF we would have to reduce the hours of work from 34 to ensure that participants wages fall below the set threshold so that they could still be in receipt of Universal Credits. The principles of this programme are to make sure that residents of South Yorkshire are not financially worse off by participating. We do not want to upset any other benefit claims that participants have for example: housing benefit and childcare, which would be a detrimental loss and would certainly be seen as a barrier to programme engagement and participation. We want to maximise these benefits and opportunities and give participants the best chance to thrive and secure sustainable employment. Through business case development we will explore if this approach will impact on our accreditation as a Real Living Wage employer.

- The reduction of hours would also be less attractive to employers looking for fulltime workers and is also considered a barrier for people looking for fulltime work. SYJF will be developed to ensure that individuals will not be placed at a disadvantage and employees' total income is maximised.
- A business incentive of up to £1,500 will be made available to employers to support with any inhouse training, admin, tailored supervision that is required. The payment to employers is consistent with similar Covid recovery payments to employers for other programmes e.g. kickstart 19-24 (£1,500), traineeship incentive (£1,000), and Apprenticeships (1,500 for 25+).
- The cost of the business support function for the programme is currently being investigated to inform the maximum value that will be included within the procurement specification.

Do members support the revised funding model?

3. Options Considered and Recommended Proposal

3.1 Interventions

Whilst there is certainly a place for SYJF within the region's employment support market, it is fair to say that it is a complicated landscape and both residents and employers find it difficult to navigate around what support is available to them. SYJF will work with key partners in the region, including local authorities and DWP to deliver the programme ensuring strategic alignment and effective communications are deployed.

3.2 Options for the programme's delivery model have already been considered and discussed with members of the steering group and internal stakeholders. Appendix C sets out a three-stage delivery plan to accompany option 1 below however, alternative options are included for the board to consider.

3.1 Option 1

Outsource a delivery partner / partners to undertake a business support role that will:

- transfer the business incentive payment and employee salary from MCA through to employers

- be the employer link to;
 - build strong relationships with employers and the MCA
 - identify any issues / concerns relating to the work placement
 - identify skills needs and refer to other programmes of support
 - report back to the Authority on programme performance

3.4 **Option 1 Risks and Mitigations**

Open procurement processes could delay the start date of the programme by 8 weeks (From December 21 to February 22). There is a risk that the market need could change over the next 6 months.

During this time, we will work closely with the procurement team to look at alternative ways that could speed up the procurement process.

We will also work closely with internal officers and steering group members, including DWP to ensure we have close sight on the market and any changes to the needs of residents and employers.

There is a risk that employees could be placed into businesses that are not financially secure therefore, we will look to build a due diligence process into the programme to mitigate against this risk. We will work with steering group stakeholders to develop this process. We need to be sure that the opportunities presented are genuine, of good quality and that there is evidence (where possible) of fair treatment of trainees across the organisation. This should be underpinned by genuine learning and progression planning with link to recognised training providers.

If the full £1,500 business incentive payment is paid to employers at the beginning of the programme, there is a risk that the employee's leave shortly after starting the work placement. To mitigate against this risk, we propose to stage the business incentive fund into 3 £500 payments throughout the 6-month period. As part of the business case development, we will consider if there should be a separation between opportunity generation and payment of incentives. We will seek advice from audit and assurance colleagues on this.

3.5 **Option 2**

Bring the programme inhouse using MCA resource to deliver the services of SYJF.

3.8 **Option 2 Risks and Mitigations**

Resource within the MCA is already limited and taking on the delivery of SYJF would negatively impact the workload across internal departments. The MCA would need to recruit additional resource to deliver the programme inhouse.

We are not resourced to undertake the payment or the business engagement functions, we therefore run the risk of losing these functions of the programme. There is a risk that employees could be placed into businesses that are not financially secure therefore, we will look to build a due diligence process into the programme to mitigate against this risk. We will work with steering group stakeholders to develop this process. We need to be sure that the opportunities presented are genuine, of good quality and that there is evidence (where possible) of fair treatment of trainees across the organisation. This should be underpinned by genuine learning and progression planning with link to recognised training providers.

3.9 **Option 3**

A hybrid model that retains some of the SYJF programme inhouse and outsources other delivery elements.

3.12 **Option 3 Risks and Mitigations**

Resource within the MCA is already limited and taking on part delivery of SYJF would negatively impact the workload across internal departments.

Splitting the business support element of the delivery model between two organisations would complicate the already complicated landscape even further.

There is a risk that employees could be placed into businesses that are not financially secure therefore, we will look to build a due diligence process into the programme to mitigate against this risk. We will work with steering group stakeholders to develop this process. We need to be sure that the opportunities presented are genuine, of good quality and that there is evidence (where possible) of fair treatment of trainees across the organisation. This should be underpinned by genuine learning and progression planning with link to recognised training providers.

3.13 **Recommended Option**

Option 1

Are members in agreement with option 1 for the SYJF delivery model?

4. **Consultation on Proposal**

Inputs

4.1 Members of the steering group have been consulted to develop the programme so far, with representation including:

- MCA
- DWP
- Four Local Authorities across South Yorkshire
- Chambers of Commerce
- Training provider
- TUC

MCA internal stakeholders have been consulted on the programme developments and suggest that a full business case is developed. Consulted stakeholders include:

- Director of Business and Skills
- Assistant Director – Education, Skills and Employability
- Assistant Director – Policy and Assurance
- Assistant Director – Programme and Performance Unit
- Assistant Finance Manager
- Head of Procurement
- Legal / Principle Solicitor
- Marketing Manager

Early suggestions indicated that we undertake a pilot programme for 6 months and procure the business support services that are required for delivery. Evaluation of the pilot would be completed and if successful a further request would be submitted

to approve progression to deliver a full programme. Further procurement activity would also be required. However, after consultation with stakeholders it is clear that if we take this approach, the programme will be left with a gap in service delivery where we would have to halt participants accessing the service until further board approval and procurement activities were complete.

Taking on board the feedback provided by stakeholders, it is recommended that SYJF is developed as one procurement exercise and will therefore require the approval of £4m. In order to comply with procurement regulations, we would advertise the tender opportunity for up to £4million for the full duration of the project. However, the initial pilot will run from 6-9 months (exact timeframe to be worked up in the business case). During this time, we will undertake an evaluation of the pilot in order to recommend continuing or ceasing services.

A pilot programme will be developed to include an evaluation, which will inform us of the successes achieved during that timeframe. For example:

- number of people on programme
- number of people undertaking skills development training
- programme retention rate
- number of business supported

and will then provide recommendations to the board on a) to continue or b) to withdraw services. The tender specification will inform interested parties that the full programme will be dependent on a successful pilot.

With board recommendation, an update paper will be presented to the MCA board in September to update on the development of a full business case. The business case will be submitted to the Assurance panel, and if recommended will be taken to the relevant board for approval in November.

Do members recommend the development of a full business case?

Members to note, an update paper will be presented to the MCA board in September.

5. Timetable and Accountability for Implementing this Decision

5.1 Based on option 1:

Tender spec ready to go live	September 2021
Publish tender opportunity	September 2021
Full Business case development	August – October 2021
SYJF update paper submitted to MCA board	September 2021
Full business case submitted to Assurance panel for recommendation.	October 2021
Evaluation and moderation	Further detailed required and will be worked into the full business case
Contract Award	Further detailed required and will be worked into the full business case
Programme launch	Preferred launch date: December 2021 Potential launch date: February 2022

Do members agree with the timescale presented?

6. Financial and Procurement Implications and Advice

- 6.1 £4 million of Gainshare funding has been made available for this purpose. This plan therefore will ensure that the allocation is fully used.
- 6.2 Within this £4 million, regard will be required to understand internal costs around the project, including internal staff, marketing and any evaluation required of both the pilot and the development of the full offer.

7. Legal Implications and Advice

- 7.1 Due to the estimated value of the contract for the managing agent, compliance with the Contract Procurement Regulations will require a full procurement exercise. The contract with the successful managing agent will contract for the pilot period and then an extension for the full-service period if the MCA wish to extend following the pilot review period. There will need to be a Data Protection Impact Assessment given the likely processing of personal data, and the contractual arrangement will appropriately manage any data processing and sharing requirements.

8. Human Resources Implications and Advice

- 8.1 2.11 refers to payment of National Living Wage as opposed to Real Living Wage, the report recognises that as an organisation the MCA is accredited to the Real Living wage foundation, need to understand whether funding/paying only National living wage (and leaving it as a choice to employees to pay Real living wage) impacts on our accreditation and also how this fits with the mayors messaging on the real living wage.
- 8.2 1.3 references seconded employees from DWP, currently not all internal approvals are in place for these and therefore IT equipment and access is not granted, risk of information and data been sent outside of the organisation.
- 8.3 Resource Implications
Option 1 – has potential resource implications within the procurement and PPU team, unable to confirm and understand what these are at this stage to understand whether able to do within current resources or whether additional resources would be needed. Also, timescales are not clear to determine resource requirements. If this option is taken, then possibly need to work with the AD to look at whether work can be reallocated pending recruitment activity

Option 2 – Likely to be resource requirement (not only people but also IT implications), however, to review and make informed decision would need to understand more information

9. Equality and Diversity Implications and Advice

- 9.1 An Equality and Impact Assessment will be undertaken and will be included within the full business case.

10. Climate Change Implications and Advice

10.1 None

11. Information and Communication Technology Implications and Advice

11.1 Not at this stage.

12. Communications and Marketing Implications and Advice. Please also refer to consultation undertaken as per Section 4

Working closely with the marketing team so that effective marketing and communications levers the issue and the proposed resolution for South Yorkshire residents in alignment with the collaborative approach to the Renewal Action Plan, Education, Skills and Employability marketing agenda.

List of Appendices Included*

- A Terms of Reference
- B Most recent claimant statistics
- C Recommended delivery model

Background Papers

Renewal Action Plan RAP update – SYJF (March 2021)

<https://governance.sheffieldcityregion.org.uk/ieListDocuments.aspx?CId=202&MId=411&Ver=4>